



C.N.S./C.O.I.N.S

Columbus Numismatic Society/Central Ohio International Numismatic Society

June 2005 Meeting Announcement

Next Meeting

Wednesday, June 15, 2005 at 7:00 P.M. at
Grandview Heights High School
1587 W. 3rd Avenue – 1st floor cafeteria

Jackpot

Marcia Detrich's name was called for the \$49 jackpot but, unfortunately, Marcia was not present to win. The \$49 rolls into the June jackpot; don't miss out on hearing your name called.

Door Prizes

Happy winners of door prizes in May included Nancy Brill, Geoff Gruendel, Mike Gunner, and Gerry Tebben.

Coin Market Report

Even coming into summer the market remains strong and attendance at local, regional, and national shows remains steady. Plus signs are still all over Morgan dollars in this weeks Coin Dealer Newsletter.

Upcoming Local Coin Show Calendar

Sunday, June 19 – Columbus Monthly Show
Thurs-Sunday, June 23-26 – Mid-America Rosemont, IL
Sunday, June 26 – Cincinnati Greenhills Monthly Show
Sunday, July 3 – Cleveland Brookpark Rd. Show
Sunday, June 10 – Dayton Monthly Show
Saturday, July 16 – Columbus Monthly Show (please note that due to a hotel conflict the July Show will move to the 3rd Saturday)
Consult your favorite coin publication for times and locations.

Club Auction

There will not be a club auction this month. Save all your money, the club auction will resume in July.

Coin Quiz

The quiz will be on coins you own - the \$50 million Ohio Bureau of Workers' Compensation collection.

June Educational Program - Show and Tell

You and every other member of the club are this month's speaker. Our coin committee is going to display the pieces they've been buying and everyone else is encouraged to bring a coin they like - doesn't have to be rare or valuable - for an extended show and tell.

The State Sales Tax Issue

As you know our elected state legislators are in the process of attempting to enact legislation to reinstitute sales tax on your coin and bullion purchases. Enclosed are a couple of letters speaking to this issue.

It is imperative that you immediately contact your state senator via phone or email and voice your displeasure with this legislation.

Here are some web sites for more information. Text of the bill (do a word search on "coins" - you'll find the relevant section buried way down in the bill):
http://www.legislature.state.oh.us/bills.cfm?ID=126_HB_0275

Current status of the bill:

<http://lsc.stateoh.us/coderev/hou126.nsf/2f0987e36eb4ddfe85256bf90053f601/2b028617d9d3fa1b8525700c004fb46?OpenDocument>

Find out who your rep is and their contact information:

<http://www.house.state.oh.us/fps/Representatives.jsp>

The members of the reconciliation committee are:

| | |
|-------------|---------------|
| Senate: | House: |
| John Kerry | Chuck Culvert |
| Ron Amstutz | Tom Raga |
| Tom Roberts | Dale Miller |

These are the legislators who need to hear from their constituents immediately.

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I am writing this letter to inform you about a great threat to your ability to buy coins and bullion in the State of Ohio. The threat is that sales tax will be reintroduced as a collection requirement for dealers and brokers when they sell coins to the investing public. This threat has been driven by the Bureau of Workers Compensation coin scandal.

In 1989, after a detailed study, the Ohio Legislature passed a bill that exempted coins and bullion from the State sales tax. Since that time, you have had a price advantage in your quest to build coin assets, be it a collection or an investment, or both – as they typically are.

Recently, through HB275, Representative Peter Ujvagi, Democrat (Toledo), introduced a measure to amend the previous legislation by removing coins and bullion from the list of items for which no tax must be collected. Representative Ujvagi has been trying for years to reverse this wonderful legislation but has always failed in the past because of republican strength. This time, he is using the coin scandal to reintroduce the measure since he and other democrats feel republicans will have a hard time fighting during this time of embarrassment.

It is truly unfortunate that this scandal has occurred; however, there is no relationship between the scandal and the tax issue. This scandal was driving purely (if allegations prove to be true) by the decisions of individuals driven primarily by greed and/or mismanagement. As we all know, people (especially politicians) try to use weakness to gain power. IN THIS CASE, WE WILL ALL SUFFER IF WE ALLOW THE POLITICIANS TO OVERTURN THE WISE LEGISLATION THAT EXEMPTED COINS AND BULLION FROM TAXATION.

I chose to write this letter because I am not willing to quit without at least a fight. I hope you will choose to join me in this fight by contacting your state senator and representative. Please send them either a letter or an email (you can find their addresses through the State of Ohio web site) that indicates you would be very displeased if in the future you are forced to pay taxes on coins and bullion.

As a part time dealer, I will have to begin collecting those taxes if the politicians succeed. I will have only one way to do it – through charging higher prices for what I sell. I know you don't want me to do this so PLEASE JOIN ME IN FIGHTING TO KEEP WHAT WE HAVE. I PERSONALLY AM TIRED OF NOTHING BUT HIGHER TAXES. One voice won't mean much but if you join me we can have an impact.

Jim

DO NOT REPEAL THE SALES TAX EXEMPTION

The Ohio sales tax exemption on investment purchases of precious metals and rare coins actually **increases revenues** for the state. It is Ohio consumers – NOT coin dealers -- that are penalized by the sales tax on coins and bullion, and they will take their business out of state. A sales tax exemption on these investment products is revenue-positive for the state.

1. **Twenty-six (26) states** (more than half of the U.S.) have an exemption from sales taxes for these investment products. Of those, 5 have no sales tax at all. But 21 others have specifically acted to pass such legislation. Businesses located in a state that levies a sales tax on investment coins and precious metals are at a severe competitive disadvantage with businesses in these other states. Most states with large populations (California, Florida, Texas, for example) have enacted the exemption as well as Ohio's close neighbors: Michigan, New York and Illinois.
2. Most simply, the basic rule of investing is buy low/sell high. Purchasing investment precious metals and coins on which a sales tax is added to the cost of the investment is in violation of that basic principle. Since purchasing sales-tax-free from out-of-state entities is easy to do, the prudent investor will not buy precious metals and coins in Ohio if they must pay the "penalty" of a sales tax. Ohio residents would be forced to do business with firms located outside of Ohio.
3. A few years ago, Colorado and Florida eliminated their exemptions in a misguided, revenue-driven flurry of exemption reviews. Shortly thereafter, both of these states reinstated the exemptions as businesses closed or moved out of state and trade show business evaporated. These states recognized the revenues and benefits they had gained from the exemption.
4. The state coffers benefit from an increase in sales tax collections when business takes place in a coin shop where they purchase other items (jewelry, coin books and supplies, other collectibles) that remain taxable. When local customers don't come into the shops, those sales are lost and the state loses those revenues also.
5. In Michigan and Missouri, both of which passed sales tax exemptions within the past few years, individual dealers have reported an increase in the number of employees they need in their shops, and an increase of local business. In the first year after the Michigan exemption went into effect, one dealer reported a 25.8% increase in volume from new, in-state business as well as an increase of 66.7% employment in his shop. Another dealer reported more than doubling his annual gross sales for the year following the implementation of the exemption.